

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0732-01
Bill No.: HB 154
Subject: Licenses - Motor Vehicle; Revenue Department; Motor Vehicles
Type: Original
Date: January 25, 2013

Bill Summary: This proposal allows female veterans to obtain “Women Veterans” specialized license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on Other State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections** assume the proposal will have no fiscal impact on their organization.

In response to similar types of proposals last year, officials from **Department of Transportation** concurred with the Department of Revenue regarding the possible fiscal impact.

Administrative Impact

Officials from the **Department of Revenue (DOR)** state the following procedures will need to be implemented for the changes in this proposal:

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY 2014. The Application for Military Personalized License Plates will need to be revised to include a new plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$1,206 in FY 2014.

DOR's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY 2014.

DOR would incur 20 overtime hours for a Revenue Processing Tech II to work with Missouri Veterans Commission personnel on the design of the plate and finalizing the design at a cost of \$420 in FY 2014.

DOR would incur 20 overtime hours for a Revenue Processing Tech II to set up the new specialty plate within MVB systems and testing at a cost of \$420 in FY 2014.

The Title and Registration Intranet Processing System (TRIPS) plate table would need to be updated to reflect the women veterans plate estimated with a level of effort valued at \$433 calculated on 16 FTE hours.

In summary, DOR assumes programming costs associated with this proposal to be approximately \$3,577 in FY 2014.

Oversight assumes at least some of these expenses could be absorbed by DOR.

KC:LR:OD

ASSUMPTION (continued)

The Department is charged \$215 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2014.

In order to determine the number of potential applications, DOR contacted the Missouri Veterans Commission who indicated there are approximately 38,206 women veterans in Missouri. It is unclear how many of those potential applicants would apply for these license plates. DOR has made the assumption that 20% (7,641) of women veterans would apply.

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to license offices once they have completed the manufacturing process through MVE.

DOR assumes the cost to ship 764 boxes of plates to contract offices in various regions across the state would be \$3,534 in FY 2014, \$4,346 in FY 2015, and \$4,455 in FY 2016.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

With 7,641 applications, it would cost \$3,311 in FY 2014, \$4,073 in FY 2015, and \$4,174 in FY 2016 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.45).

In summary, DOR assumes a cost to the General Revenue Fund of \$11,070 in FY 2014, \$8,419 in FY 2015, \$8,629 in FY 2016 to provide for personnel changes, plate set-up and mailings in this proposal.

DOR also pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$44,573 (7,641 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the first year because of the August 28, 2014 effective date) in FY 2014, \$54,824 in FY 2015, and \$56,195 in FY 2016 (using a 2.5% cost increase in fiscal years 2015 and 2016).

ASSUMPTION (continued)

Revenue Impact

Previous fiscal note responses regarding new specialty personalized license plates indicated the revenue generated from the \$15 specialty personalized plate fee would be distributed to the highways, cities and counties. However, because specialty personalized plate fees are not incident to the right to use the highways of this state, DOR assumes these fees are more properly distributed to the General Revenue Fund.

Assuming 7,641 women veterans would apply for these plates, there would be an increase in revenue from the \$15 annual specialty plate fee of \$95,513 (7,641 x \$15 - for 10 months) in FY 2014, and \$114,615 in FY 2015 and FY 2016.

Since it is unknown how many applications will be received for this plate, **Oversight** will estimate an increase in revenue of “Less than \$100,000”. Oversight will also estimate a cost to the General Revenue and the Highway Fund of “(Less than \$100,000)”. For fiscal years 2015 and 2016, Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive “Less than \$100,000” estimated net effect to the General Revenue Fund. For FY 2014, Oversight assumes the start-up costs incurred by DOR might exceed the specialty plate fee revenue if the response to the proposal is less than expected. Therefore, Oversight will range the fiscal impact in FY 2014 from a net cost of under \$100,000 to a net gain of under \$100,000.

FISCAL IMPACT - State Government

GENERAL REVENUE	FY 2014 (10 Mo.)	FY 2015	FY 2016
<u>Revenue</u> - DOR	Less than	Less than	Less than
Specialty plate fees	\$100,000	\$100,000	\$100,000
<u>Cost</u> - DOR	(Less than	(Less than	(Less than
Processing costs for specialty plates	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Less than \$100,000) to Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>

FISCAL IMPACT - State Government
(continued)

FY 2014
(10 Mo.)

FY 2015

FY 2016

HIGHWAY FUND

Cost - DOR
Manufacturing Cost

(Less than
\$100,000)

(Less than
\$100,000)

(Less than
\$100,000)

**ESTIMATED NET EFFECT ON
HIGHWAY FUND**

**(Less than
\$100,000)**

**(Less than
\$100,000)**

**(Less than
\$100,000)**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal allows female veterans to obtain "Women Veterans" specialized license plates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Corrections
Department of Transportation



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